

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Manufactured Housing Fees Trust Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2020 Appropriation	13,000	5,298	-	18,298	11,022	9,970
2021 Appropriation	13,000	7,275	-	20,275	12,685	11,902
2022 President's Budget	14,000	7,591	-	21,591	13,955	12,783
Change from 2021	1,000	316	-	1,316	1,270	881

#### PROGRAM PURPOSE

Manufactured housing is a key segment of the affordable housing industry, and manufactured homes provide approximately 9 percent of the Nation's single-family housing starts in 2020.<sup>1</sup> Additionally, manufactured homes constitute a major source of housing in rural America, where one in seven homes is a manufactured home.<sup>2</sup> The primary purposes of the Manufactured Home Construction and Safety Standards Act of 1974 as amended by the Manufactured Housing Improvement Act of 2000 is "to protect the quality, durability, safety, and affordability of manufactured homes" and, "to facilitate the availability and affordability of manufactured homes and to increase homeownership for all Americans" (42 USC Section 5401(b)). Therefore, HUD's Office of Manufactured Housing Programs (OMHP) is critical for ensuring access to affordable homeownership, increasing the supply of affordable housing throughout the United States, and coordinating proper compliance with construction safety standards. The Office of Manufactured Housing Programs serves a key role in supporting the Administration's goal of increasing the supply of affordable and equitable housing across the Nation.

#### BUDGET OVERVIEW

The 2022 President's Budget requests \$14 million for the OMHP, which is \$1 million above the 2021 enacted level. Funding for this program is solely supported from the receipt of HUD's certification label fee of \$100 for each transportable section. The requested funds will support the Department's implementation and oversight responsibilities for the nationwide building regulatory program including updating the construction, safety, and installation standards of manufactured homes. The requested \$1 million over prior year's funding level will support \$400 thousand in inflationary increases and increased production, and \$600 thousand for expanded contractor support for rulemaking and additional technical assistance meetings with State partners.

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<sup>1</sup> HUD Policy Development and Research, National Housing Market Survey, 2020 Supply Data

<sup>2</sup> Housing Assistance Council, Rural Research Brief, July 2020.

<b>Program Operation Area</b>	<b>2022 Budget (Dollars in Thousands)</b>
Payments to States	4,600
Contract for Monitoring Primary Inspection Agencies and States	4,600
Contract for Monitoring Design Approval Agencies	1,600
Contract for Installation Inspection and Enforcement	1,000
Contract for Dispute Resolution Enforcement	300
Contract for Consensus Committee Administering Organization and Support Services	650
Contract for Manufactured Housing Programs Meeting Support Services	1,250
<b>Total</b>	<b>14,000</b>

Note: The table provides estimates by contract type for reference only and the contract types should not be considered as individual programs, projects or activities for reprogramming purposes, instead the Payments to States and Contracts (Subtotal) are the relevant amounts for such purposes.

## JUSTIFICATION

### Funding Impact

HUD’s construction and safety standards preempt State and local laws and apply to all manufactured homes produced after June 15, 1976. While manufactured housing serves all demographics its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, rural households, and elderly households with fixed incomes. This supports the Department’s and Administration’s goal of equitably providing safe, affordable, and durable homes to those consumers most in need. About 17.5 million people live in manufactured homes.<sup>3</sup> In 2017, the median household income of manufactured homeowners was \$35,000, making it a key component of affordable housing. In calendar year 2020, the average sales price of a manufactured home was \$86,600.<sup>4</sup>

Payments to 33 State Administrative Agency Partners: The 2022 Budget will cover increased payments made to 33 HUD-approved SAAs (\$4.6 million) to offset their costs for responding to residents and overseeing notification and correction-related activities as outlined in the Federal manufactured home regulations, among other actions.

Contracted Assistance for Program Implementation: \$9.4 million of the Budget will cover the contractual costs for monitoring program compliance and enforcing program regulations, specifically:

- Contract for Monitoring Primary Inspection Agencies and States
  - Ensure conformance with the Construction and Safety Standards for homes manufactured or located in States with and without an SAA. This may require manufacturers to notify consumers of a defect, or, in the event of a serious problem, require the manufacturers to repair or replace manufactured homes. HUD is responsible for direct oversight in the 17 States without SAAs and performs these functions with assistance from the contractor for Monitoring Primary Inspection Agencies and States. SAAs in the remaining 33 States execute these responsibilities with HUD.
  - Enable HUD to continue to monitor the manufacturer's compliance with the Construction and Safety Standards through quality assurance oversight and inspections. HUD monitors 12 Production Inspection Primary Inspection Agencies (IPIAs) through the IPIA/SAA Monitoring and Inspection contract. IPIAs serve as

<sup>3</sup> U.S. Census Bureau, American Community Survey, 2017

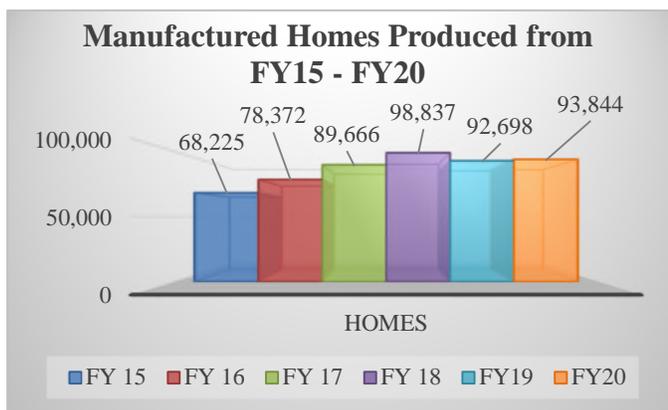
<sup>4</sup> U.S. Census Bureau, [Manufactured Housing Survey Data, November 2020](#).

third-parties responsible for inspecting construction and monitoring quality assurance programs in the plants. These agencies ensure program compliance to HUD's standards from approximately 136 manufacturing plants nationwide. In addition, the HUD contractor monitors the performance of and supports partnerships and joint monitoring teams with SAAs.

- Contract for Monitoring Design Approval Agencies
  - Enable HUD to continue to monitor the manufacturer's design compliance with the Construction and Safety Standards. HUD monitors 5 Design Approval Primary Inspection Agencies (DAPIAs) through the DAPIA Monitoring and Inspection Contract. DAPIAs inspect designs and quality assurance manuals for the 136 manufacturing plants nationwide to ensure homes are designed to HUD's construction and safety standards, which furthers the Administration's goal of equitably providing decent, safe, and affordable housing to those most in need.
- Contract for Installation Inspection and Enforcement
  - Continue oversight of the Model Manufactured Home Installation Standards in all States. The OMHP is responsible for installation oversight nationwide and the licensing and training of installers in many States. OMHP has implemented a federally-administered program in 14 States that have no installation programs and oversees State-administered programs in 36 States that are HUD-approved.
- Contract for Dispute Resolution Enforcement
  - Continue administration of the Dispute Resolution Program. The Dispute Resolution Program is required by statute and is executed to resolve disputes that may arise between manufacturers, retailers, and installers of manufactured homes. OMHP administers the federally-administered program in 25 States without dispute resolution programs and oversees State-administered programs in 25 States.
- Contract for Consensus Committee Administering Organization and Support Services
  - Facilitate coordination of activities of the Manufactured Housing Consensus Committee (MHCC) through an Administering Organization (AO). The Committee is mandated by the amendments to the National Manufactured Housing Construction and Safety Standards Act and oversees the Federal Advisory Committee process. The AO supports 22 MHCC members comprised of 21 MHCC voting members, while HUD serves as a non-voting Designated Federal Official (DFO). The MHCC provides recommendations to the Secretary on construction standards, installation standards, and enforcement regulations in a Proposed Rule format with an economic analysis. The contractor also provides technical support by compiling cost and benefit data and providing analysis that will be useful in required cost impact analyses.
- Contract for Manufactured Housing Programs Meeting Support Services
  - Increase collaboration and cooperation of all stakeholders through up to four meetings with individual States or small group meetings during the fiscal year with partners in the Federal Manufactured Housing Program. These meetings are held with all program stakeholders to ensure it operates in a consistent and collaborative manner to provide greater efficiencies and improved outcomes for consumers in managing this nationwide program. These meetings bring stakeholders together including meetings of the MHCC, meetings with In-plant and Design approval agencies, and meetings at a national and regional level with State partners, as well as meetings with other Federal agencies.

### Key Assumptions

The costs of these programmatic activities are rising steadily due to inflation, increases in the production of manufactured homes, and the steady increase in the number of production facilities nationwide. HUD is responsible for overseeing the DAPIAs and IPIAs to ensure the quality assurance programs are working properly so that consumer safety is not compromised. This is critical as manufactured homes are inspected by the IPIA in only one stage of production. The number of manufactured homes produced has increased by nearly 36 percent from 2015 to 2019, but the industry has been stable in 2020 and thus far in 2021 due to impacts from COVID-19. Also, the number of manufacturing plants has increased from 122 in 2013 to 136 in 2021. Manufacturers pay a \$100 fee per transportable home section (a manufactured home typically has 1-2 transportable sections). In 2020, HUD collected approximately \$14.7 million in fees. HUD projects an estimated \$16.0 million in fee collections during 2021 and 2022.



### Outcomes, Performance Indicators, and Other Evidence

Since the program's inception in 1976, the overall quality, safety, and durability of manufactured housing has improved while preserving affordability. The number of per capita fires and deaths in manufactured homes has been significantly reduced compared to homes produced before the HUD standards became effective. Manufactured homes produced under the HUD Code perform better in high wind events due to enhancements to modern manufactured home construction standards. Moreover, financial organizations have been encouraged to offer home mortgages instead of chattel financing due to the increased lifetime and durability of manufactured homes produced under HUD's program.

HUD's Office of Manufactured Housing Programs is also working to continuously update the Manufactured Home Construction and Safety Standards and associated regulations. Several updates are currently in process. When published, OMHP will help further the associated strategic goals and administration priorities of equitably providing safe, durable, and affordable manufactured homes nationwide. Manufactured homes are particularly important in rural communities.

### Stakeholders

As a building regulatory program, the Office of Manufactured Housing Programs is uniquely positioned to assist in meeting several of the Administration's priorities. The requested funding levels will continue to allow HUD to fund its State partners and ensure adherence to the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended by the Manufactured Housing Improvement Act of 2000. HUD's oversight of the design and construction of manufactured homes fundamentally serves to protect the quality, safety, durability, and affordability of manufactured homes while similarly protecting consumers. The successful execution of this program helps ensure manufactured homes are safe, durable, and affordable while meeting the needs of all segments of the American population, especially the vulnerable population seeking unsubsidized affordable housing.

Manufactured housing is a housing product that can help Americans realize the dream of homeownership. By enabling disadvantaged households to advance their own economic opportunities

and build equity, OMHP directly supports the objective of sustainable homeownership and financial viability. Additionally, as a major source of FEMA-provided temporary housing, manufactured homes also support the short-term and long-term objectives of disaster recovery.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2020 Budget Authority	2019 Carryover Into 2020	2020 Total Resources	2020 Obligations	2021 Appropriation	2020 Carryover Into 2021	2021 Total Resources	2022 President's Budget
Payments to States	4,600	2,120	6,720	3,457	4,500	3,263	7,763	4,600
Contracts	8,400	3,178	11,578	7,565	8,500	4,012	12,512	9,400
Total	13,00	5,298	18,298	11,022	13,00	7,275	20,275	14,000

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

None.

**APPROPRIATIONS LANGUAGE**

The 2022 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized and language proposed for deletion is bracketed.

For necessary expenses as authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.), up to [\$13,000,000]*\$14,000,000*, to remain available until expended, of which [\$13,000,000 ]*\$14,000,000* shall be derived from the Manufactured Housing Fees Trust Fund (established under section 620(e) of such Act (42 U.S.C. 5419(e)): *Provided*, That not to exceed the total amount appropriated under this heading shall be available from the general fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund pursuant to section 620 of such Act: *Provided further*, That the amount made available under this heading from the general fund shall be reduced as such collections are received during fiscal year [2021] *2022* so as to result in a final fiscal year [2021] *2022* appropriation from the general fund estimated at zero, and fees pursuant to such section 620 shall be modified as necessary to ensure such a final fiscal year [2021] *2022* appropriation: *Provided further*, That for the dispute resolution and installation programs, the Secretary may assess and collect fees from any program participant: *Provided further*, That such collections shall be deposited into the Trust Fund, and the Secretary, as provided herein, may use such collections, as well as fees collected under section 620 of such Act, for necessary expenses of such Act: *Provided further*, That, notwithstanding the requirements of section 620 of such Act, the Secretary may carry out responsibilities of the Secretary under such Act through the use of approved service providers that are paid directly by the recipients of their services. (*Department of Housing and Urban Development Appropriations Act, 2021.*)